

Ferronordic Machines AB

Year-end 2012 Results



OFFICIAL DEALER OF
VOLVO CONSTRUCTION EQUIPMENT

Ferronordic Machines in a snapshot

Authorized dealer of Volvo Construction Equipment in Russia since June 2010

Core focus on the Volvo brand

Strong and growing construction equipment market

Rapidly increasing presence all over Russia

Market: ~8,000 → 10,167 → 25,635 → ~**31,000** (takeover, 2010, 2011, 2012)

Outlets: 6 → 12 → 53 → **69**

Employees: 160 → 326 → 560 → **654**

Revenue: VCE → €74M → €268 M → **€276 M**

Complimentary brands added:

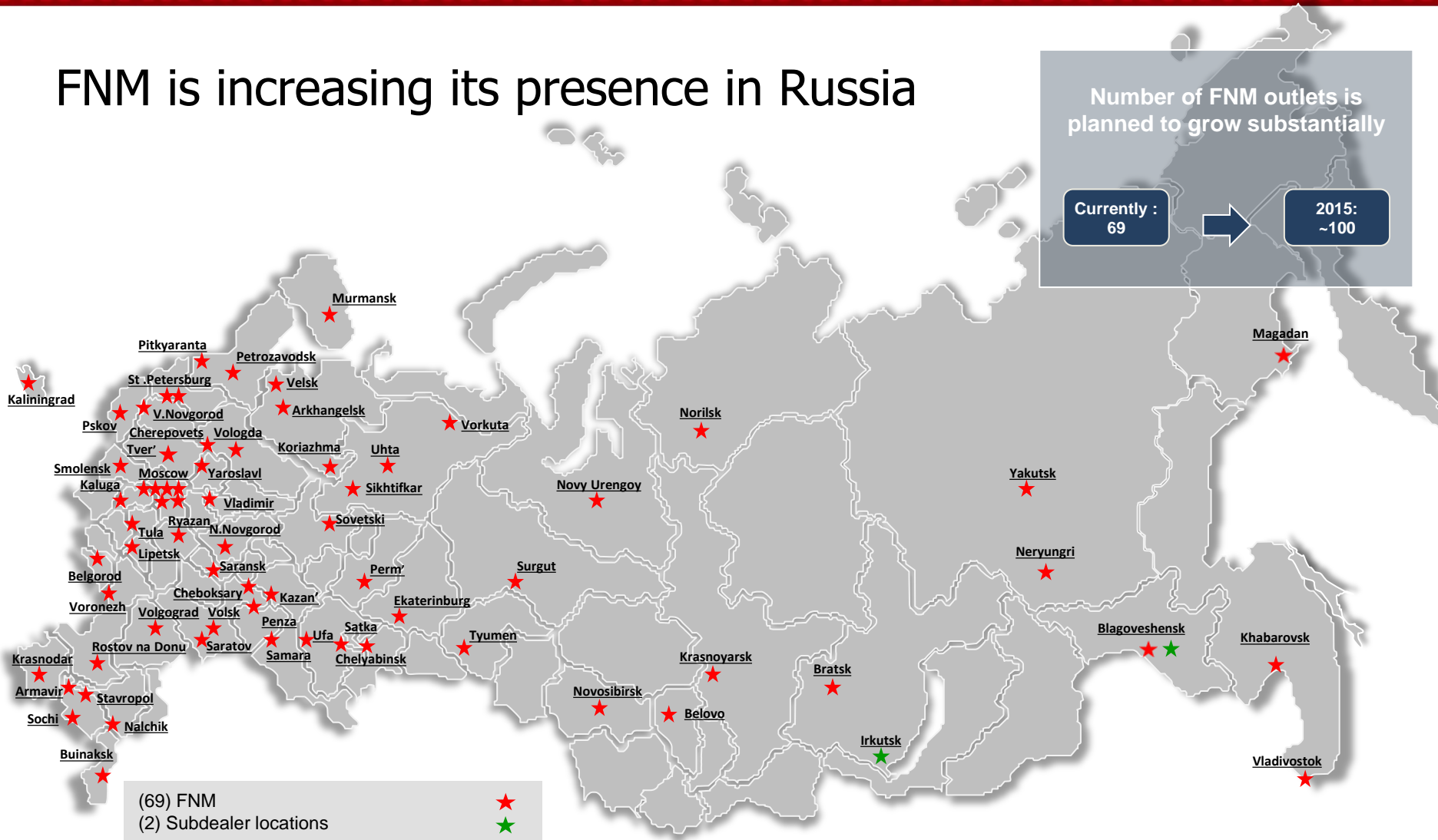


LOGSET

€80M of capital raised

Experienced management and board of directors and supporting shareholders

FNM is increasing its presence in Russia



Russian market

Positives

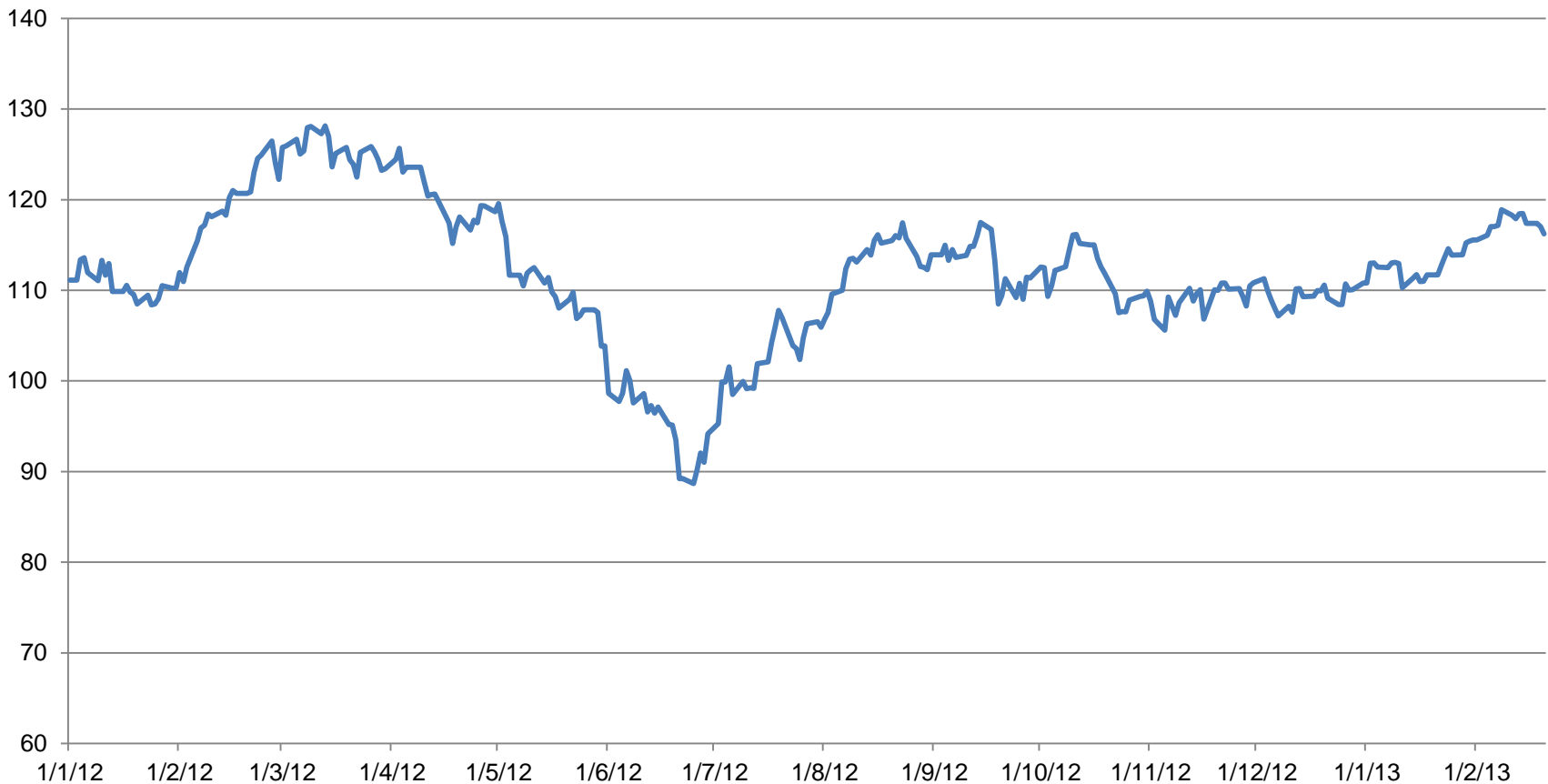
- ◇ High oil price
- ◇ Still strong GDP growth
- ◇ WTO accession
- ◇ Greater capital inflow/investor interest
- ◇ Focus on infrastructure investments
- ◇ Administrative reforms

Negatives

- ◇ Global unrest
- ◇ Disbursement partly on hold

The CE market is closely correlated to the oil price

Brent Crude Oil Price Last Twelve Months (USD/Barrel)



Q4 2012 financial highlights

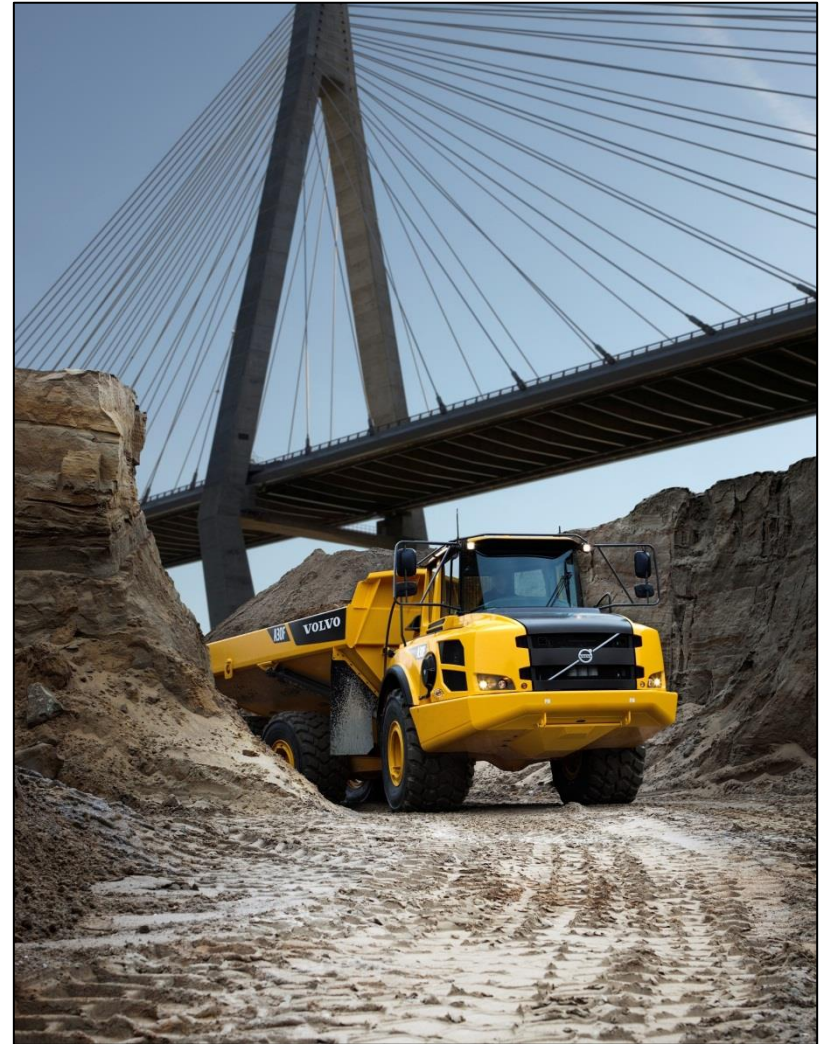
- ◇ Slowdown in units and revenue
- ◇ Strong aftermarket growth
- ◇ Significantly improved gross margin
- ◇ Strong EBITDA growth
- ◇ Improvement in net income
- ◇ Positive cash flow from operations
- ◇ Net debt/EBITDA 2.8x*



* Calculation per Bond T&C

Q4 2012 operational highlights

- ◇ Growing presence throughout Russia showing effects
 - New regions accounting for app. 40% of revenue
 - 654 employees and 69 outlets
- ◇ Focus on efficiencies, consolidation of organization and competence development
- ◇ Aggressive pricing environment in the market



Ferronordic Machines Profit & Loss Q4 2012 - Group

EUR MM	Q4 2012	Q4 2011	% change
New Units	331	404	(18%)
Revenue	67.9	77.6	(12%)
Gross Profit	12.1	10.5	15%
<i>% Margin</i>	<i>17.8%</i>	<i>13.5%</i>	-
EBITDA	4.6	2.8	64%
<i>% Margin</i>	<i>6.8%</i>	<i>3.6%</i>	-
Net Income*	1.0	0.8	25%
Net Debt	63.9	63.0	

- ◇ New units sold down 18%
- ◇ Product mix similar to last year
- ◇ Revenue decrease of 12%
- ◇ Aftermarket revenue up 22%
- ◇ Over 4%-point gross margin increase
- ◇ EBITDA growth of 64%
 - Improved margin from 3.6% to 6.8%
- ◇ Higher financial costs
- ◇ Improvement in net income

* Excludes amortisation of transaction related intangibles.

Ferronordic Machines Profit & Loss 12 Months 2012 - Group

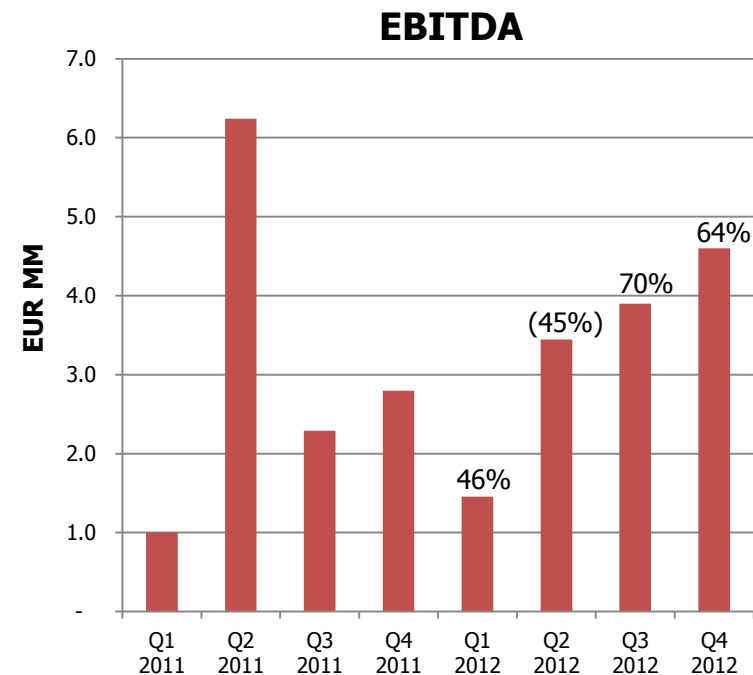
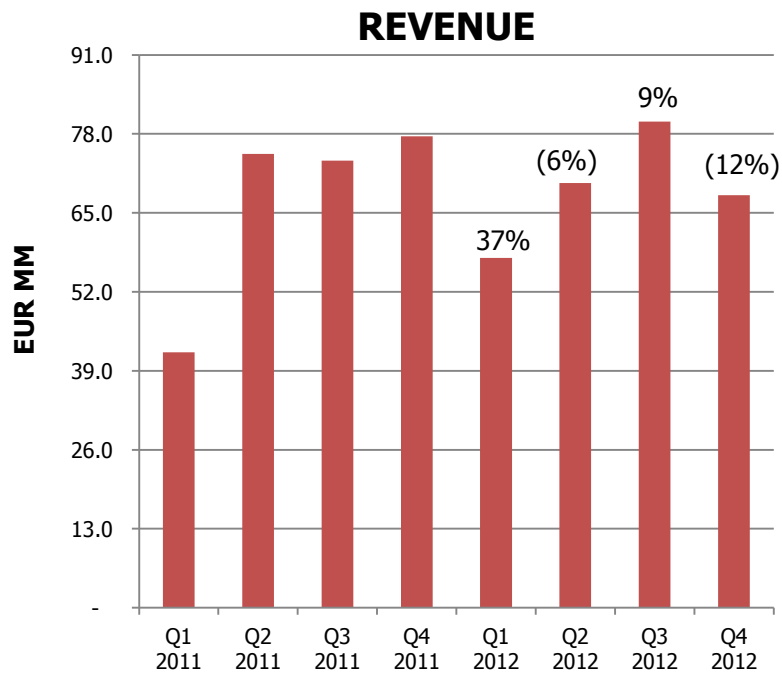
EUR MM	12 Mo. 2012	12 Mo. 2011	% change
New Units	1,370	1,310	5%
Revenue	275.8	268.0	3%
Gross Profit	42.0	37.4	12%
<i>% Margin</i>	<i>15.2%</i>	<i>13.9%</i>	-
EBITDA	13.4	12.3	9%
<i>% Margin</i>	<i>4.9%</i>	<i>4.6%</i>	-
Net Income*	(1.3)	2.7	NM
Net Debt	63.9	63.0	

- ◇ New units sold up 5%
- ◇ Product mix shifted towards somewhat smaller machines
- ◇ Revenue increase of 3%
- ◇ Aftermarket revenue up 16%
- ◇ Improved gross margin by 1.3%-point
- ◇ Offset by increase in OPEX
 - Growing organization throughout Russia
- ◇ EBITDA margin improving
- ◇ Higher financial costs
- ◇ Decrease in net income

* Excludes amortisation of transaction related intangibles.

Ferronordic Machines – Revenue and profit analysis

- ◇ Uncertainties in the market since April
- ◇ Q2 2011 profitability unusually high



Note: Year-over-year growth.

Cash flow situation

EUR MM	Oct-Dec 2012	Oct-Dec 2011	Jan-Dec 2012	Jan-Dec 2011
Cash flow from:				
Operating Activities	14.5	(16.3)	16.6	(51.1)
of which change in working capital	7.1	(18.9)	8.1	(60.6)
Investing Activities	(3.1)	(3.3)	(8.9)	(4.7)
Financing Activities	(1.9)	11.4	(0.9)	48.4
Cash Flow	9.5	(8.3)	6.8	(7.3)

Working capital development

EUR MM	Dec 2012	Dec 2011
Inventory	58.7	62.6
Trade and other receivables	31.7	22.8
Trade and other payables	50.5	34.0
Other net liabilities	3.1	3.5
Working Capital	36.8	48.0

- ◇ Inventory levels have fluctuated during the year due to market environment
- ◇ Year-ending inventory at healthy levels
- ◇ Receivables and payables both increasing

Balance sheet summary

EUR MM	Q4 2012	Q3 2012	Q2 2012	Q1 2012	2011
Cash & Cash Equivalent	19.2	10.1	9.7	14.4	12.4
Short term debt	27.3	27.5	26.6	17.9	24.0
Long term debt	45.6	46.5	44.7	44.1	43.5
Financial leases	10.1	11.8	8.6	8.5	7.9
Net debt	63.9	75.7	70.2	56.1	63.0
<i>Net Debt/EBITDA*</i>	<i>2.8x</i>	<i>4.2x</i>	<i>4.5x</i>	<i>3.0x</i>	<i>3.2x</i>
Working capital	36.8	48.0	46.7	39.5	48.0
<i>% of Revenue</i>	<i>13%</i>	<i>17%</i>	<i>17%</i>	<i>14%</i>	<i>18%</i>
Shareholders Equity	15.1	15.4	16.3	21.2	20.0
Total Assets	155.0	150.9	148.1	136.2	137.2
<i>Equity/Assets</i>	<i>10%</i>	<i>10%</i>	<i>11%</i>	<i>15%</i>	<i>15%</i>

* Calculation per Bond T&C

Outlook – CEO comment

"Overall, we remain cautiously optimistic as we look forward into 2013, but continue to follow the key risks created by the international economic instability and the potential effects on business conditions in Russia."

